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COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION

Special provisions on inventory management for property of the European Commission

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1. PRINCIPLES AND DEFINITIONS

1.1. *Subject and applicability*

The European Commission keeps inventories showing the quantity and value of all its tangible fixed assets (hereinafter "assets"), intangible fixed assets and financial assets in accordance with the model drawn up by the accounting officer on the basis of the nomenclature (see Annex 1). It also ensures that entries in the inventory correspond to the actual situation in accordance with Title VII, Chapter 4 of the Financial Regulation (FR)¹ and Title VII, Chapter 3 of the Implementing Rules (IR)².

Article 221 of the rules for the implementation of the Financial Regulation requires each institution to adopt provisions on safeguarding the property included in their respective balance sheets and to decide which departments are responsible for the inventory system.

These provisions have been drafted to comply with that requirement.

They concern principally the inventory and the management of the European Commission's tangible goods, whether assets or non assets, at all its workplaces. They comply with and supplement the accounting rules on inventory management adopted by the Commission's accounting officer and applicable to all the aforementioned fixed assets.

Goods are managed using three types of inventory:

- the financial inventory;
- the management inventory;
- the external inventory.

1.2. *Financial inventory*

The financial inventory reflects the Commission's obligation to keep a detailed list of the assets in its property for the purpose of recording them in its fixed asset accounts.

An item is recognised as an asset and must be entered in the financial inventory when:

- the item's normal period of use is more than one accounting year,
- the item is not a consumable,
- the purchase value of the item is greater than the threshold for entry in the financial inventory specified in Article 222 IR.

Assets purchased and managed by the Commission which are partially financed by other European institutions are entered in the Commission's financial inventory at their full value and are subject to the Commission's inventory procedures.

According to the accounting rules in force, items under finance lease are recorded as assets and entered in the financial inventory provided they fulfil the conditions laid down in the accounting rules, in particular if their purchase value exceeds the threshold for entry.

¹ OJ L 248, 16.9.2001, p. 1.

² OJ L 357, 31.12.2002, p. 1.

Consumables are not entered in the inventory.

1.3. Management inventory

The management inventory is a list of goods which is kept for operational management purposes even if the purchase value of the good is lower than the minimum value for entry in the financial inventory.

The purpose of this management inventory is to provide information for the operational management of goods during their life cycle at the Commission and to specify the responsibilities of users of these assets and of other players involved.

1.4. External inventory

The external inventory enables the Commission to carry out the operational management (removals, storage, repairs, etc.) of goods of which it is not the rightful owner, in the same way as for its own goods.

This inventory includes goods managed by the Commission but which belong to outside institutions, agencies, services or entities (in particular items already installed in buildings leased by the Commission). Similarly, in the interests of good management, all rented items or items made available to the European Union, whether temporarily or permanently, are entered in the Commission's external inventory rather than the property inventory or financial inventory.

The external inventory includes a description of the good, the details of the owner, the address at which it is installed, the inventory number, etc. These goods are not purchased by the Commission and are entered in the inventory, if need be, at zero value. They are not included in the Commission's balance sheet.

1.5. Management of goods entered in the management inventory

In the case of goods which, in the interests of sound management, are required to be entered in the management inventory, each management centre (see point 1.10) may, depending on the type of good and/or the necessary follow-up, decide on the appropriate entry criteria and notify these to the Commission's accounting officer and the central inventory service (see point 1.9).

1.6. Management of goods at DG JRC, Commission representations and Commission delegations

For Commission representations and delegations, only the DG COMM and RELEX coordinating units listed in Annex 2 are authorised to take decisions on goods management. As regards DG JRC, such decisions are taken by the JRC Assets Manager and the JRC Accountant.

The management centres for the JRC, the representations and the delegations are not authorised to act independently in this respect. When implementing these provisions, they must comply with the rules and decisions adopted by the above-mentioned coordinators.

1.7. Minimum values for entering goods in the management inventory

The minimum values for entering commonly used goods in the management inventory are specified in Annex 3.

The authorising officer by delegation or subdelegation at each management centre may set a minimum threshold other than those indicated in Annex 3 after consulting the central inventory service and the Commission's accounting officer.

1.8. Central Inventory Service (CIS)

The Central Inventory Service is the single coordinating body managing the Commission's property for all the management centres.

The Central Inventory Service is attached to the Office for Infrastructure and Logistics in Brussels, Support Services and Logistics Office (OIB.OS.2), and is responsible for:

- coordination and checking, amendments to and dissemination of these provisions;
- establishing procedures for identifying goods;
- checking changes to and dissemination of the nomenclature;
- informing management centres of the measures necessary to carry out the three-yearly physical inventory checks required in Article 224 IR;
- proposing the secretary and chairman (and their deputies) of the writing-off committees as required in point 4.4 of these provisions, except for those of the Commission representations, the JRC and the delegations;
- organising periodic meetings with the representatives of all the management centres and the chairmen and secretaries of the writing-off committees, either at the request of the management centres and/or of the chairman of a writing-off committee, or at its own initiative;
- giving advice to or replying to questions from management centres concerning the proper application of these provisions, in particular through twice-yearly contact with each management centre or coordinating unit. This contact will make it possible to analyse problems encountered by management centres, provide a forum for receiving and discussing proposals for amendments to these provisions, and obtain a provisional balance sheet of activities carried out by each management centre (e.g. a comparison of purchases vs entries in the inventory, write-offs made, etc.).

The Central Inventory Service may request copies of the minutes of the meetings of all the writing-off committees. A report shall then be drawn up on all the relevant matters.

1.9. Inventory management centres

Management centres are units or services responsible for the operational management and day-to-day application of these provisions on the basis of the type and/or location of the goods (see Annex 5.2 – List of management centres).

Each management centre is responsible for the following:

- keeping a list of IIMs (Inventoried Items Managers). Note that the DIGIT management centre keeps the list of IRMs (Information Resource Managers);
- organising periodic meetings with the IIMs/IRMs;
- assigning inventory numbers and entering, updating and removing goods from the financial inventory and management inventory databases;
- marking items (affixing/sticking on the inventory number and barcode);
- ensuring the consistency of the database, in particular as regards assigning goods to the correct management centre, locating inventoried goods, the status of goods, assigning goods to users;
- planning and monitoring physical checks (in accordance with Article 224 IR) and validating the relocation of goods;

- preparing requests for write-offs of items and the administrative follow-up of these items;
- participating in the work of the writing-off committee, at its request;
- at the request of the Central Inventory Service, providing an extract from the inventory database in order to check consistency between management centres.

Each management centre shall supply directly to the Commission's accounting officer and, for information purposes, to the accounting officer of the directorate-general in question, in accordance with its own internal procedures, the data on the financial inventory for which it is responsible, for inclusion in the Commission's financial balance sheet. The management centre shall check that these data are consistent with the inventory database.

Each management centre shall establish procedures for managing the property for which it is responsible. It may delegate certain management powers to the IIM or IRM to this effect.

Management centres may request each IIM or IRM annually to draw up and certify the list of goods used by the directorate-general or service for which he is responsible. All goods still recorded in the inventory database and missing from the certified list shall be proposed for write-off, once this has been substantiated and validated by the management centre.

Proposals for changes to a management centre's assignments must be made by the relevant authorising officer by delegation. If the change involves transferring assignments from one management centre to another, the proposal must be made by the authorising officers by delegation of the two management centres in question. In order for the change to be validated, a favourable opinion must be given by the CIS and consent obtained from the Commission's accounting officer.

Departments may submit duly substantiated requests for the creation of new management centres to the Central Inventory Service. Requests must be approved by the Commission's accounting officer.

Each management centre may, by agreement with the Central Inventory Service, establish procedures for decentralising the management of the goods for which it is responsible.

The management centres shall be directly responsible for safeguarding and monitoring the goods assigned to them.

1.10. Exceptions to and derogations from these provisions

Exceptions to and derogations from these provisions must be the subject of a request from the authorising officer by delegation of the service concerned to the CIS and the Commission's accounting officer. The consent of both services must be obtained before any exception and/or derogation can be applied.

1.11. *Inventoried Items Managers (IIMs) and Information Resources Managers (IRMs)*

Inventoried Items Managers (IIMs) are the persons, designated by each DG or service, with responsibility for all goods (except for computer and telecom equipment) assigned to their directorate-general or service.

Information Resources Managers (IRM) are the persons, designated by each DG or service, with responsibility for all the computer and telecom equipment assigned to their directorate-general or service.

Certain goods, for example means of transport, mobile telephones, etc., may be managed by persons other than the IIM or IRM.

In certain cases, the same person can perform the functions of both the IIM and IRM.

1.12. Personal responsibility of staff members

Staff members must take proper care of their office furniture. They must not remove items from their offices without the prior consent of the IIM or IRM (for computer equipment). They must notify their IIM if the furniture in their offices does not correspond to the information provided on the location of the goods as set out in point 3.3 of these provisions.

In the event of serious misconduct by an official or other servant leading to the loss, disappearance and/or destruction of an item, the official or other servant may be required to pay the value of that item in accordance with Article 22 of the Staff Regulations of Officials and the corresponding provision of the Conditions of Employment of Other Servants of the European Communities.

1.13. Single entry of Commission goods

The inventory database ensures that goods in the Commission's property, as defined in these provisions, are recorded only once for each management centre to prevent duplicate entries of the same good.

The database enables clear and consistent financial statements and accounting and statistical analyses to be drawn up.

Overall quality is ensured by the follow-up of the operational and computer processes and procedures.

The Commission's accounting officer and the directorates-general which supply the information systems used by the management centres and the Central Inventory Service must ensure compatibility between the different IT and management systems.

1.14. Goods purchasing system

To take account of the specific circumstances of each management centre, the purchasing system may be organised in accordance with the rules and procedures best suited to the local situation, with due regard for the Financial Regulation. Each management centre must ensure that the goods it acquires are entered in the financial or management inventory pursuant to points 1.2 and 1.3.

Each purchase made by a service that is not a management centre must be notified by this service to the relevant management centre so that the goods can be duly entered in the inventory. In accordance with the principles of accrual accounting, this notification must be made when the item is accepted. If necessary, the management centre will subsequently provide labels with an identifying number. The purchasing service must ensure that these labels are affixed to the items purchased.

If the same authorising officer by subdelegation is responsible for both purchasing and inventory management, appropriate risk management and control measures must be adopted. If necessary, a description of these control measures shall be furnished to the Central Inventory Service for information purposes.

2. ENTRY IN THE INVENTORY AND IDENTIFICATION OF GOODS

2.1. Request for entry of an good in the inventory

For an inventory number to be assigned, the service that ordered the acquisition or production of an good must notify the following information to the management centre:

- the order form (indicating the budget line used and the deadline and place for delivery);

- or the specific agreement;
- a description of the good;
- a document showing the unit cost of the good, or the estimated cost price in the case of manufactured goods. If there is no document indicating the value of the good, this value may be estimated by the service that ordered the acquisition or production of the good, for example by checking the price of a similar item or the market price or by consulting an independent outside expert;
- the financial commitment;
- the certificate of receipt or delivery note, dated and signed;
- any other document necessary to identify the good.

2.2. Inventory entry file

The information relating to the acquisition of an item must be kept by the management centre which issues the inventory number. Only documents which cannot be generated from the computer database should be handled and kept on paper.

2.3. Assignment of an inventory number

Each management centre is authorised to create inventory numbers for the items for which it is responsible, according to criteria laid down by the CIS for the whole of the Commission.

Where an item is transferred from one management centre to another, it shall retain its inventory number.

2.4. General nomenclature

All inventoried items shall be given a general nomenclature code to identify the type of item and the depreciation rules (see Annex 1). Each management centre shall ensure that the correct nomenclature code is assigned to each item acquired. The general nomenclature shall be laid down by the Commission's accounting officer on a proposal from the CIS. Each management centre may submit to the CIS duly substantiated requests for changes to the general nomenclature.

2.5. Structure of the inventory number

The structure of the inventory number is detailed in Annex 4.

2.6. Follow-up of deliveries

To enable the identifiers (labels with barcodes showing the inventory number) to be affixed to the goods at the time of delivery directly on site, the IIM and IRM must, as far as possible, inform the management centre concerned in advance of all deliveries of identifiable goods made within his directorate-general or service. Failing this, for regularisation purposes he must notify the management centre when the goods are delivered.

With regard to deliveries of goods that are the subject of a request issued by the IIM to the relevant management centre, the IIM must arrange for reception in the premises for which he is responsible. If he is unable to be present himself at the delivery, he must designate someone to replace him.

2.7. Identifier of the good

The identifier must be affixed, in duplicate and clearly visible, on each good so as to enable it to be immediately identified. Certain goods, e.g. small items or those classified as "sensitive" (such as specific equipment for security personnel) may be exempt from this requirement. The

unit or service to which the item is allocated must inform the management centre concerned of the appropriateness of such a derogation.

In this case, the identifiers for these items should be included in a file created and regularly updated by the service responsible for the inventory that specifies their location.

2.8. Management of the works of art inventory

All items that are deemed works of art by virtue of their nature or price must be entered in the Commission's inventory and managed in accordance with the rules laid down in these provisions.

With a view to entering items in the inventory and assigning them an identification number, the service that ordered the acquisition of an item (whether for consideration or free of charge) must notify the following information to the management centre concerned:

- the order form (indicating the budget line used);
- all the information concerning the supplier and/or author of the work of art;
- a description of the work using any appropriate means (e.g. photo);
- the purchase invoice with the unit cost of the work. If there is no document indicating the value of the work, this value may be estimated by the head of the management centre by checking the price of a similar item or the market price or by consulting an independent outside expert;
- the certificate of receipt or delivery note;
- any other document necessary to identify the work and establish its value. The service that ordered the acquisition (the purchaser responsible) may consult an independent expert for this purpose.

Depending on the type of work, the service managing the work of art shall decide whether or not to affix an inventory number (label). Documentation on each item must be provided to the relevant management centre.

3. DAY-TO-DAY ADMINISTRATION OF GOODS

3.1. Location of Commission property

Goods are managed by assigning a user service and an address (town/building/floor/office/room) to each good.

The physical location of all the Commission's goods is specified in the databases for each management centre by town, building, floor, office or room.

The unit responsible for partitioning buildings shall assign the number and the identifier to be affixed on each office/room for all offices/rooms in the EC's buildings.

Where possible, goods shall be located by reading the barcode for the office/room in which they are located (building/floor/office). This information shall be included in the financial and management inventory databases. By default, the address where the good is located shall be entered manually in the database.

As regards the financial balance sheet to be notified to DG BUDG, the requirement concerning the location of assets may be limited to the building in which they are located. For operational management reasons (removals, etc.), information on the floor and office is contained in the database.

The IIM/IRM of the DG to which the building and rooms/offices are assigned is responsible for updating and consolidating the inventory of goods in these rooms/offices.

For the management of goods in sites other than Commission buildings (e.g. storage, museums, items on loan, etc.), virtual rooms/offices may be created in the databases.

A virtual room/office is a room or office created in the database for operational management purposes but which does not actually exist.

3.2. Assignment of inventory management tasks and responsibilities of the IIM and IRM

The IIM and IRM are responsible for:

- entering requests to move goods into the database;
- performing or helping to perform the periodic physical checks and general relocations programmed by the management centres, unless the centre has relieved them of this responsibility;
- following up and resolving any incidents occurring during the physical checks and relocations referred to above;
- certification of the result and/or validation in the computer system of physical checks and general relocations in their DG;
- follow-up, in accordance with the specified procedures, of declarations concerning the theft, loss or destruction of goods assigned to their directorate-general or service;
- reception and validation of deliveries of goods and validation of removals of goods which they have requested;
- ensuring that no items are physically relocated without a corresponding entry being made in the inventory database.

IRMs shall request the IT equipment necessary for keeping the inventory (computers, printers, etc.) from the relevant management centre. The scanner used for tracking is supplied by the IRM team in the service to which the IIM belongs.

The system owner of the inventory management software is DG BUDGET.

3.3. Information on the location of goods

Management centres shall provide each room/office with a list of the inventoried items located there.

The list of items inventoried in each room/office, or assigned to each person, must be available for consultation at any time in the management centre's computer programme.

Staff members occupying the rooms/offices must inform the relevant IIM/IRM of any discrepancy with respect to the list.

For rooms/offices not assigned to a specific person or persons, the administrative unit or the IIM/IRM to which the room/office is assigned shall be responsible for any items located in it.

If necessary, a form may be displayed listing the items assigned to these rooms/offices (meeting rooms, archives, cafeterias etc.).

3.4. Location of inherently movable items or items outside buildings

For inherently movable items or items assigned outside buildings managed by the Commission (Member States, other institutions), the location given in the database shall be

that of the user to whom the item was assigned when registered, of the unit responsible for managing the item or of the staff member responsible for the items and/or in charge of distributing them.

The unit or person responsible shall keep an updated document tracing the movements and showing the location of the items concerned.

3.5. Buildings used by several directorates-general

Goods located in buildings used by several directorates-general shall be managed by the IIM/IRM of the directorate-general which uses these goods.

3.6. Common areas in EC buildings

Goods located in common areas in buildings (apart from restaurants and cafeterias), such as entrance halls and parking spaces, shall be the responsibility of the IIM or IRM of the directorate-general occupying most of the building. Computer or office equipment shall be the responsibility of the IRM of the DG or service to which the item is assigned.

Items located in restaurants and cafeterias in the Commission's buildings in Brussels shall be the responsibility of the OIB and those located in restaurants and cafeterias in buildings in Luxembourg shall be the responsibility of the OIL.

3.7. Technical and other areas in Commission buildings

Items located in technical areas, such as those used for IT equipment, telecommunications, air conditioning installations, audio-visual equipment and systems for conferences, etc., or managed by the logistical units (e.g. storage areas) shall come directly under the operational unit concerned and shall not be the responsibility of the IIM/IRM of the directorates-general or services occupying the building.

3.8. Transfers of goods between management centres

Where an item is transferred from one management centre to another, a copy of the inventory file shall be transferred to the new management centre and to the CIS.

3.9. Temporary removal of items from EC buildings

In cases of authorised loans or removals of items for a presentation, repair or mission, the IIM/IRM shall ensure that the person removing the item signs a document attesting to the physical absence of the item from the place where it is located, stating when it will be returned to the Commission, and giving information on the temporary user of the item.

This information must be provided to each management centre concerned.

The IIM/IRM shall be responsible for ensuring that the item is relocated to its original location at the Commission as specified in the aforementioned document.

3.10. Removal of goods from one EC building to another

Requests to move inventoried items from one building to another must be submitted by the IIM or IRM responsible for the item, via the relevant computer application, for prior approval by the management centre responsible for this type of good, and must be supervised by the IIM/IRM.

3.11. Management of removals of goods

The service responsible for removals of items shall supervise movements of items from one building to another or within the same building. As a rule, these movements are checked by scanning the departure and arrival room/office labels and the label on the items. In

exceptional cases, relocation can be recorded manually in the inventory database with the agreement of the management centre concerned.

3.12. Fixtures and fittings

The following shall be regarded as "immovable items":

- freehold buildings;
- parts of buildings in shared ownership;
- buildings under finance lease;
- rented buildings.

Any movable item which is permanently and inseparably attached to an immovable item, in particular false floors, false ceilings, wiring, telecommunications infrastructure, heating and air conditioning installations, lighting equipment, audio-visual conference equipment and systems, remote control systems for buildings, lifts, aerials, special technical equipment, special fittings, etc, shall be regarded as fixtures and fittings.

Fixtures and fittings shall be inventoried as follows:

- If the Commission is the owner or part-owner of the building, the value of the items shall be included in the overall value of the building.
- If the Commission is the tenant of the building, all the special fittings shall be inventoried under a single heading per project.
- During the lifetime of a building, the fixtures entered in the inventory represent the cost of improvements that extend the probable useful life of the building or increase its performance. Special fittings are inventoried by improvement project. The depreciation period shall be 8-10 years for rented buildings and the remaining useful life for owned or part-owned buildings.

3.13. Accessory items or items forming part of a whole

Where separate components of a piece of equipment or technical installation cannot be used on their own, only the complete piece of equipment or technical installation shall be given an inventory number for the total value of the equipment or installation.

3.14. Inventory management databases

When an item is acquired or produced (manufactured internally), the following information must appear in the relevant databases:

- the entry number of the item in the database;
- identification number;
- detailed description;
- general nomenclature classification code;
- order form reference;
- value (amount + currency);
- date of listing in the inventory;
- location;
- user of the item or the service responsible for it;

- identification of the supplier and, if applicable, the deadline for any financing granted;
- all other necessary information for the computerised accounting system.

The deactivation of an item in the database must not delete the history of that item.

4. REMOVAL OF ITEMS FROM THE INVENTORY

4.1. Procedure for writing off Commission property

Whether identified or not, items cannot be removed from the inventory of Commission property unless the writing-off procedure has been completed. Where possible, this procedure must be based on documents in digital format (write-off requests, decisions to remove from the inventory, photos, opinions of the writing-off committee referred to in point –, minutes of meetings, etc.).

The proposal to remove an item from the inventory must be drawn up and submitted by the management centre concerned to a writing-off committee for an opinion. The decision to remove the item shall be taken by the authorising officer of the management centre which submitted the write-off request.

Depending on the exact circumstances of each management centre, the authorising officer or authorising officer by delegation may agree special procedures subject to a favourable opinion from the CIS.

4.2. Condition of items to be written off

The IIM/IRM shall make sure that, even if an item of Commission property is the subject of a write-off request, it is kept in the condition it was in when the request was made until it is removed from the premises for which he is responsible.

4.3. Writing-off committee

A multidisciplinary writing-off committee shall be set up for each service location. Its opinion must be obtained before any decision is taken to write off an asset.

A writing-off committee may have responsibility for one or more management centres.

Each committee shall be made up of:

- the chairman: an official not assigned to the purchase or management of property for which the Writing-off Committee is competent,
- one representative of each of the management centres for which the Writing-off Committee is competent;
- the secretary: a member of staff not assigned to the purchase or management of property for which the Writing-off Committee is competent. In cases where this second condition cannot be fulfilled for operational reasons, appropriate risk management and control measures shall be put in place. A description of these control measures shall be submitted for an opinion, as appropriate, to the CIS and the accounting officer.

Each member of the Committee shall have a deputy to replace him in case of absence.

The chairman of the Committee may, if he deems it necessary, invite non-committee members to the meeting to clarify a case.

4.4. Appointment of members of writing-off committees

As a general rule, the chairman of each Committee, the secretary, and their respective deputies shall be appointed by the Director-General of DG HUMAN RESOURCES AND

SECURITY on a proposal from the Central Inventory Service. The other members of the Committee and their deputies shall be appointed by the authorising officers by delegation or subdelegation of the directorates-general or services they come under.

In Commission representations (except for Brussels and Luxembourg), the Writing-off Committee shall be made up of the following:

- the head of representation/delegation or his representative (chairman);
- the administrative assistant of the representation/delegation or his representative (secretary);
- a member designated by the head of representation/delegation, in addition to his representative.

At each centre of DG JRC and in Commission representations and delegations, the Writing-off Committee shall be appointed by the relevant director, in accordance with local requirements.

4.5. Responsibilities and decisions of the Writing-off Committee

The tasks of the Writing-off Committee shall be the following:

- to study the case files sent to it by the management centre with a view to possible write-offs of items and, if necessary, to hear the management service and/or user(s);
- if it deems necessary, to request additional information (e.g. photos, statements and/or on-site tests) to establish the condition of the item it is proposed to write off. Its members may call on qualified experts for assistance;
- for each item, by unanimous vote of the members present, to issue a favourable or unfavourable opinion concerning the write-off or suspend the procedure pending further information;
- to decide how to remove the items in accordance with point 4.16 of these provisions.

4.6. Responsibilities of the secretary of the Writing-off Committee

The tasks of the secretary of the Writing-off Committee shall be the following:

- to handle write-off requests submitted by management centres by simplified procedure, procedure before the Writing-off Committee or written procedure;
- to draw up the annual calendar of meetings of the Writing-off Committee and organise these meetings (notice of meeting, agenda, preparing files, etc.);
- in addition to the meetings in the calendar, call special meetings at the request of the chairman or at the proposal of a management centre;
- draft the minutes of each meeting and circulate them, following approval by the chairman, to each member of the committee;
- keep the list of members (and of their deputies) updated.

4.7. Write-off file

The write-off file shall consist of the following:

- the "Decision to remove from inventory" form, duly approved (Annex 5);
- for simplified procedures (point 4.10), the agreement of the secretary of the Writing-off Committee;

- for procedures heard before the Writing-off Committee (point 4.11), the opinion of the Writing-off Committee;
- any supporting document enabling the items for removal to be identified.

4.8. Write-off requests

The write-off request shall be submitted by the management centre concerned to the secretary of the Writing-off Committee on the "Decision to remove from inventory" form (Annex 5.5). This form must be signed by the head of the management unit and the financial verifying officer of the unit to which the management centre is attached.

The request must be accompanied by a list of the item(s) to be written off and photos or other supporting documents. The list shall specify the nature of the item(s), acquisition value, location, inventory number, date on which they came into service or were registered in the inventory of Commission property, and residual values.

4.9. Write-off procedure

The secretary of the Writing-off Committee shall verify the contents of the write-off request, decide which write-off procedure to apply - simplified write-off (point 4.10) or write-off after consulting the Writing-off Committee (point 4.11) - and verify the procedures for the physical removal of the item(s) (points 4.15 and 4.16).

Depending on which procedure is applied, the write-off request is:

- included in the agenda of the meeting of the Writing-off Committee;
- handled by written procedure, in which case the file is circulated to the members of the Writing-off Committee for a written opinion from each of them;
- in the case of the simplified procedure, the request is returned after verification to the management centre concerned and the "Decision to remove from inventory" form is signed by the secretary of the Writing-off Committee.

4.10. Simplified write-off procedure

The simplified write-off procedure is used for fully depreciated items. This procedure must be approved by the secretary of the Writing-off Committee.

This procedure shall apply at the end of the depreciation period indicated in the table in Annex 1 containing the depreciation rates by type of item. It shall also be used to correct the database in the event of material errors (data input, computerised data, etc.).

4.11. Procedure for writing off Commission assets before the Writing-off Committee

This procedure shall be applied when:

- the items proposed for write-off are not fully depreciated;
- the items have been reported as stolen. In this case, the request shall be submitted by the management centre concerned upon receipt of the statement of provisional closure of the investigation drawn up by DG Human Resources and Security and/or by the Local Security Officer of the management centre, as the case may be;
- the items are reported as damaged;
- the items are declared obsolete or no longer have any economic or operational value for the Commission before the end of the full depreciation period;
- the items have not been located during the periodic physical inventory controls. In this case they shall be proposed for writing off once the results of the physical inventory have been

certified by the IIM/IRM and this result has been validated by the relevant management centre, in accordance with the procedures and criteria established by this centre;

- the items are accepted in part-exchange by the supplier or another third party;
- the secretary or the chairman of the Writing-off Committee considers that the file, while meeting the depreciation conditions for application of the simplified writing-off procedure, should be examined by the Writing-off Committee;
- the management centre which prepared the file expressly asks for it to be submitted to the Writing-off Committee.

4.12. Written procedure for write-off of items

Provided that there are duly substantiated reasons and that the agreement of the chairman of the Writing-off Committee has been obtained, the secretary can refer a request by written procedure. The secretary must prepare the write-off file, using the "Write-off agreed" form and including any relevant photos and other supporting documents, and submit it to the chairman. Once the chairman has given his agreement, the secretary shall submit the file to each member of the Committee to examine and sign. If the members' unanimous agreement is obtained, the secretary shall return the file, with the opinion signed by the Committee, to the management centre concerned, which issues the "decision to remove from inventory".

4.13. Notification of the opinion of the Writing-off Committee

Once the Writing-off Committee has approved the write-off request following a meeting or written procedure, the decision to remove the item must be signed by the secretary of the Committee and transmitted to the management centre concerned with a copy of the record, if applicable. The decision to remove the item from the inventory is effective only when it has been signed by the authorising officer by delegation or subdelegation of the management centre concerned.

If the Writing-off Committee gives an unfavourable opinion, the file shall be returned to the management centre with the reason for this opinion.

4.14. Validation and implementation of the decision to remove the item

The decision to remove an item shall be submitted for signing to the following persons in the order given below:

- the person responsible in the unit to which the management centre is attached;
- the financial verifying officer of the unit to which the management centre is attached;
- the secretary of the Writing-off Committee (once the opinion of the Writing-off Committee has been obtained, if point 4.11 is applicable);
- the authorising officer by delegation or subdelegation of the management centre concerned.

Once a decision to remove an item from the inventory has been formally validated in this way, the management centre must update the database concerned and physically remove the written-off items.

4.15. Physical removal of the item

Once the decision to remove an item from the inventory has been signed, the management centre must opt for one of the following:

- (1) sell the item in accordance with Article 138(2) FR, which requires the sale to be suitably advertised;

- (2) scrap the item;
- (3) give the item to a humanitarian organisation;
- (4) destroy the item;
- (5) recover the spare parts (in particular for certain high-value items used on Joint Research Centre sites);
- (6) trade the item in as part of an associated sale.

If written-off IT equipment is not to be destroyed, the management centre must ensure that they cannot be identified as belonging to the Commission once sold or donated. The IRM shall be responsible for ensuring that any internal identifying elements are destroyed.

4.16. Donation and scrapping of written-off items

The Writing-off Committee shall decide, in accordance with the principles of sound financial management and the Commission's image, which of the following procedures to apply to items removed from the inventory:

- (1) give the item away in accordance with a procedure that observes the principles of objectivity, transparency, proportionality and non-discrimination;
- (2) assign it to a specialised company for specialised recycling and/or destruction for reasons of health, the environment, security, urgency or legal requirements;
- (3) scrap the item, ensuring that the procedure includes removal, sorting and, as far as possible, re-use for humanitarian purposes.

4.17. Sale or donation of goods

For each Commission item sold or given away free of charge, a file must be prepared containing the following:

- the order form(s);
- the budget commitment;
- the certificate(s) of receipt;
- the inventory number(s);
- the supplier's invoice;
- the sale or donation agreement signed by the Commission and the third party concerned, or the agreement of the third party to whom the item is to be transferred;
- the invoice made out to the recipient service;
- the decision to remove the item, signed by the authorising officer by delegation of the management centre concerned.

Once these documents have been received and checked thoroughly, the writing-off procedure can be carried out.

4.18. Disposal of fixed assets

In accordance with Article 227 IR, a statement or record shall be drawn up by the authorising officer or authorising officer by delegation whenever any of the Commission's assets are sold, given away free of charge, scrapped, hired out or missing on account of loss, theft or any other reason.

4.19. Recording of missing items

With the exception of Commission representations or delegations (see below), staff members who find an item to be missing on account of theft, loss or destruction must immediately notify the IIM/IRM of their directorate-general or service, who must inform the Security directorate in DG Human Resources and Security, or the Local Security Officer of the JRC site concerned. DG Human Resources and Security shall draw up an investigation document. The management centre may not submit a write-off request until the statement of closure of the investigation has been returned, signed and stamped by DG Human Resources and Security.

In the event of loss, theft or destruction of an identified item at a Commission representation or delegation, the staff member who had custody or use of it shall immediately notify the head of representation/delegation. He must draw up a statement describing the item and the circumstances of its disappearance.

Taking the circumstances into consideration, the head of representation/delegation shall:

- carry out an investigation to ascertain where liability lies, or designate the person responsible for carrying it out;
- draw up and send directly to the insurance company the notification of claim for items covered by an insurance policy;
- call in the local police, if he considers it necessary;
- after the on-the-spot investigation is closed, draw up a statement, including an opinion on any liabilities incurred;
- send a copy of the file to the Resources–Personnel and Administration unit in his directorate-general which, if circumstances warrant, shall inform the Protocol and Security Service.

All requests for replacement of an identified item which is missing on account of theft, loss or destruction must be accompanied by the statement mentioned above.

4.20. Removal from the inventory of items under finance lease

Commission assets under finance lease or similar arrangements may be removed from the inventory directly once the contract between the lessee and the lessor expires, as defined in Accounting Rule No 8. The authorising service shall inform the management centre, which must update the data in the relevant database accordingly.

4.21. Annulment and replacement of former provisions

These provisions annul and replace the "Regulation and implementing rules on inventories and management of the property of the European Commission" (document E96/280 adopted on 22 January 1997).

ANNEXES

- (1) "Nomenclature of assets / Depreciation rate" table
http://www.cc.cec/budg/acc/new_manual/immocorpamortissements.htm (see
"Annexes")
- (2) List of management centres and definition of their responsibilities
- (3) Threshold for entry in the physical inventory by type of item
- (4) Structure of identification numbers
- (5) "Decision to remove from inventory" form